

4-20-01  
Cm

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**



WS-02672A                      WATER  
CLOUD NINE WATER COMPANY, INC.  
90 RAINBOW WAY  
SIERRA VISTA AZ 85635-0000

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2000
----	----	------

FOR COMMISSION USE

ANN 04	00
--------	----

## COMPANY INFORMATION

<b>Company Name (Business Name)</b>	Cloud Nine Water Company, Inc.		
<b>Mailing Address</b>	90 Rainbow Way		
	(Street)		
Sierra Vista	AZ	85635	
(City)	(State)	(Zip)	
520-458-5854	520-458-4532		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>Local Office Mailing Address</b>			
90 Rainbow Way			
(Street)			
Sierra Vista	AZ	85635	
(City)	(State)	(Zip)	
520-458-5854	520-458-4532		
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			

## MANAGEMENT INFORMATION

<b>Management Contact:</b>	Nick Novasic	President	
	(Name)	(Title)	
90 Rainbow Way	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)
520-458-5854	520-458-4532		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			
<b>On Site Manager:</b>			
Nick Novasic			
(Name)			
90 Rainbow Way	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)
520-458-5854	520-458-4532		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b>			

**Statutory Agent:** \_\_\_\_\_ Gary W. Ramaeker  
(Name)

25 El Camino Real, Suite One	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)

520-459-0164	520-459-0183	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)

**Attorney:** \_\_\_\_\_ Gary W. Ramaeker  
(Name)

25 El Camino Real, Suite One	Sierra Vista	AZ	85635
(Street)	(City)	(State)	(Zip)

520-459-0164	520-459-0183	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI            | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

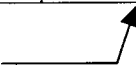
**COMPANY NAME**

Cloud Nine Water Company, Inc.

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	50,000.00	11,354.29	38,645.71
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	18,720.00	8,463.00	10,257.00
311	Pumping Equipment	46,920.00	21,219.00	25,701.00
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755.00	26,563.00	32,192.00
331	Transmission and Distribution Mains	23,805.00	10,766.00	13,039.00
333	Services			
334	Meters and Meter Installations	315.00	294.00	21.00
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485.00	670.00	815.00
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	200,000.00	79,329.29	120,670.71

This amount goes on the Balance Sheet Acct. No. 108



**COMPANY NAME**

Cloud Nine Water Company, Inc.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
301	Organization	50,000.00	2.5%	1,250.00
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	18,720.00	5%	936.00
311	Pumping Equipment	46,920.00	5%	2,348.00
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755.00	5%	2,938.00
331	Transmission and Distribution Mains	23,805.00	5%	1,191.00
333	Services			
334	Meters and Meter Installations	315.00	5%	0
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485.00		74.00
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	200,000.00		8,737.00

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

**COMPANY NAME**

Cloud Nine Water Company, Inc.

**BALANCE SHEET**

<b>Acct. No.</b>		<b>BALANCE AT BEGINNING OF YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 1,399.34	\$ 4,778.18
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 1,399.34	\$ 4,778.18
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 200,000.00	\$ 200,000.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	70,592.26	79,329.26
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 129,407.74	\$ 120,670.74
	<b>TOTAL ASSETS</b>	\$ 130,807.08	\$ 125,448.92

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)	1,244.23	75.16
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	352.40	366.56
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 1,596.63	\$ 441.72
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$ 1,596.63	\$ 441.72
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 200,000.00	\$ 200,000.00
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(70,789.55)	(74,992.80)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 129,210.45	\$ 125,007.20
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 130,807.08	\$ 125,448.92

## COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 18,138.68	\$ 19,509.51
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 18,138.68	\$ 19,509.51
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water	13,160.61	11,308.78
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	149.58	0
621	Office Supplies and Expense	66.00	66.00
630	Outside Services	800.06	802.50
635	Water Testing	3,240.00	1,345.00
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	0	578.00
403	Depreciation Expense & Amortization	8,737.00	8,737.00
408	Taxes Other Than Income	(25.58)	(5.58)
408.11	Property Taxes	1,257.20	1,436.06
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 27,384.87	\$ 24,267.76
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	185.90	555.00
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/EXP</b>	\$ 185.90	\$ 555.00
	<b>NET INCOME/(LOSS)</b>	\$ (9,060.29)	\$ (4,203.25)





**COMPANY NAME** Cloud Nine Water Company, Inc.

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
	30		4"	
	40		4"	

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = \_\_\_\_\_

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		
15	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000	1	20,000 ea	2
20,000	1		

## STATISTICAL INFORMATION

Total number of customers	52 metered	199 unmetered
Total number of gallons sold	88,259,000	gallons

**COMPANY NAME** Cloud Nine Water Company, Inc. **YEAR ENDING 12/31/2000**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2000 was: \$ 1,436.06

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMPANY NAME Cloud Nine Water Company, Inc.

YEAR ENDING 12/31/2000

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(4,205.00)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(4,205.00)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>N/A</u>
Amount of Gross-Up Tax Collected	<u>N/A</u>
Total Grossed-Up Contributions/Advances	<u>N/A</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nick Novasic  
SIGNATURE

4-17-001  
DATE

Nick Novasic  
PRINTED NAME

President  
TITLE

**COMPANY NAME** Cloud Nine Water Company, Inc. **YEAR ENDING 12/31/2000**

**WATER AND SEWER  
UTILITIES ONLY**

**PROPERTY TAXES**

**Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2000)**

\$ 1,436.06

**Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.**

**If no property taxes paid, explain reasons below:**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

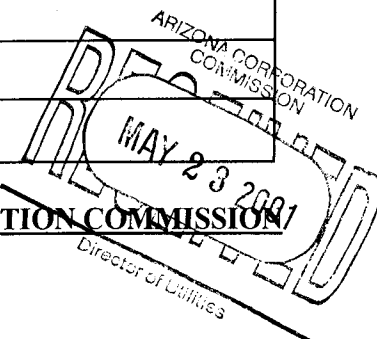
**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Cochise
NAME (OWNER OR OFFICIAL) TITLE	Nick Novasic, President
COMPANY NAME	Cloud Nine Water Company, Inc.



DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 21,435.75

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 1,371.24

IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

*Nick Novasic*  
SIGNATURE OF OWNER OR OFFICIAL

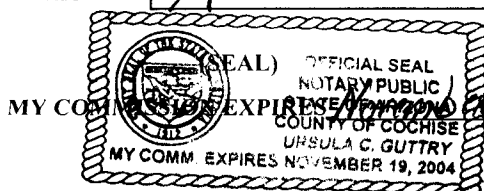
*(520) 458-1311*  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 17 DAY OF

COUNTY NAME	Cochise
MONTH	April
YEAR	2001



*Ursula C. Guttery*  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

(COUNTY NAME) Cochise		
NAME (OWNER OR OFFICIAL) Nick Novasic	TITLE President	
COMPANY NAME Cloud Nine Water Company, Inc.		

ARIZONA CORPORATION COMMISSION  
MAY 23 2001  
Director of Utilities

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 21,435.75

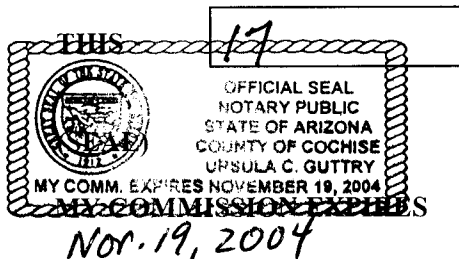
(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 1,371.24  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Nick Novasic  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

NOTARY PUBLIC NAME Ursula C. Guttrey	
COUNTY NAME Cochise	
MONTH April	2001

X Ursula C. Guttrey  
SIGNATURE OF NOTARY PUBLIC





**IMPORTANT:** The back of this document has been protected with a patented security process in order to deter theft. If you do not see the words "Security Document" and the Security Web™ pattern, do not cash.

U.S. Patent No. 5,510,159

BANK OF AMERICA NA TPE  
122191706 E2208 01 01  
11422000

DO NOT WRITE, STAMP OR SIGN BEYOND THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE

24337294 12210000  
PAY TO THE ORDER OF  
019 BANK ONE 011

FOR DEPOSIT ONLY  
MARSHA BONHAM TREASURER  
SIERRA VISTA, AZ

# CLOUD 9 WATER COMPANY, INC.

90 RAINBOW WAY 458-8855  
SIERRA VISTA, AZ 85635

1522

91-170/1221

Pay to the order of *Marsha Bonham Co. Treasurer*

*Oct 19, 2000*

INSURED  
738297

\$ 1436.06

1436 DOLS 06 CTS

Dollars

**Bank of America**

Sierra Vista Branch 08524  
3148 E. Fry Blvd.  
Sierra Vista, AZ 85635  
267-0001 in Phoenix, 1-800-284-8491 Nationwide

00 Prop Taxes Pd in full

For # *949-16830-7 / 949-16870-5*

*Marsha Bonham*

00 1532 122101706

073 784184

0000143606